

Audit of Fire Department Overtime

January 2005



Internal Audit Division
Finance Department
City of Cincinnati

Mark T. Ashworth
Internal Audit Manager

Jennifer Fedorov
Lauren Sundararajan
Auditors

Table of Contents

Executive Summary	1
Introduction	3
Audit Scope and Methodology	3
Findings and Recommendations	4
I. Findings about Overtime and Compensatory Time Cost Drivers	4
A. Overtime Cost Increases Due to Full-Tour Overtime	
1. Short-staffed in suppression	
2. Increased leave	
B. Compensatory Time Increases due to Contract Changes	9
1. Contractual changes lead to greater accrual and use	
2. Increased long-term liability	
C. Long Term Sick Pay Reciprocity Liability	10
II. Recommendations to Reduce Overtime and Compensatory Time Costs	11
A. Increase Suppression Staff Size	11
1. Examine need for an additional recruit class in 2005	
2. Limit suppression fire fighters placed in 40-hour positions, detailed out of suppression, or on limited duty	
3. Have an eligible recruit list that will cover the first half of 2006	
B. Aggressively Manage Overtime and Compensatory Time Costs	15
1. Monitor comp time, full-tour, and partial tour overtime on a monthly basis	
2. Review the distribution of Kelly days as a means to reduce overtime	
C. Recommendations for Long-Term or Contract Changes	18
1. Proceed with staffing study of optimal force size and staffing model	
2. Recalculate sick reciprocity costs	
3. Balance compensatory time accrual and usage	
4. Apply the limitations on vacation and holiday leave to comp time use	
5. Require doctor approval for sick leave on weekends and holidays	
D. Recommendations for Additional Savings	21
1. Use 40-hour staff training to fill partial overtime when they need training	
2. Allow three man staffing for shift holdovers	
Department Response	23

Executive Summary

This report examines the management and cost of overtime and compensatory (comp) time in the Cincinnati Fire Department. By reviewing payroll records and department policies, the audit sought to determine the cost drivers for overtime and comp time and to review the controls used to manage these costs.

The increase in overtime in the past two years is primarily due to a rise in full-tour overtime caused by insufficient suppression staff to meet the minimum staffing levels required by the collective bargaining agreement. The number of fire fighters available for suppression has declined because a new recruit class has not joined the Fire Department since 2002. The Fire Department has had difficulty making staffing projections recently because of the implementation of a deferred retirement plan that has changed attrition rates. The need for more overtime has also been exacerbated by greater absences among suppression staff in the last two years.

The growth in overtime has also been accompanied by a smaller, yet significant increase in the amount of compensatory time being earned and taken by fire fighters. This can be attributed to lean staffing levels as well as a change in the most recent contract that increased the amount of comp time that can be accrued. The audit also identified changes in sick leave usage that have increased the City's long-term liability for sick pay reciprocity.

Based on these findings, the audit proposes four sets of recommendations to control overtime and comp time costs in the future. The first group of recommendations is designed to ensure sufficient staff to meet contractual staffing requirements. We recommend carefully monitoring daily staffing levels in 2005 to determine whether an additional recruit class is needed. Similarly, the department should have an eligible recruitment list in place for the first half of 2006, when the department faces a significant risk that a large number of fire fighters could retire. Finally, the department should also limit fire fighters in 40-hour positions, on limited duty, or detailed out of suppression to maximize the size of the available suppression force.

The second category of recommendations should help the department control overtime costs in the short-term. The department's fiscal section should produce a monthly report for the Chief, analyzing average daily unit strength, absences, overtime, and comp time to determine if any of these factors is driving an increase in costs. The second recommendation is to reduce Kelly days available on Friday and Saturday since these days average the greatest overtime use.

The third set of recommendations cannot be implemented until a new labor agreement is reached. The Department should proceed with its staffing study to determine optimal force size and staffing model. It should also review its calculations for the cost of the sick reciprocity benefit, as these costs are higher than previously anticipated. Comp time accrual and usage should be brought into balance, as they were in previous contracts. The department should have a limitation on comp time leave similar to the one on

vacations and holidays to prevent severe and expensive staff shortages. Finally, the audit recommends that the Fire Department require doctor's certification of illness on weekends and holidays to prevent abuse of sick leave.

The final group of recommendations consists of two specific measures to limit overtime use. The department should use 40-hour staff members to fill partial overtime positions when those staff members are conducting their mandatory field training. The department should also allow three-man staffing for shift holdovers when a replacement fire fighter is traveling to the fire house.

Introduction

The Cincinnati Fire Department provides a full range of fire and emergency medical services for 77.2 square miles and 25 miles of riverfront, serving a resident population of approximately 350,000. In addition to fire suppression and EMS operations, Fire Department operations also include a training center, fire prevention bureau, arson squad, Haz-Mat unit, bomb squad, and homeland security.

Chief Robert Wright is responsible for the Fire Department's operation, which is divided among four districts and 40 companies. The Fire Department has 859 employees, 787 of whom are uniformed fire fighters and 30 of whom are fire cadets. These uniformed fire fighters include "40-hour" fire fighters, who serve as trainers, arson investigators, and district chiefs, and "48-hour" fire fighters, who work in fire suppression.

The "40-hour" fire fighters work four ten-hour days per week. Firefighters on the "48-hour" schedule are organized into three units that rotate daily responsibility for fire fighting and medical response. The unit on duty is required by contractual obligation to maintain a suppression strength of at least 186 fire fighters. These firefighters work one 24-hour shift followed by two 24-hour shifts off when the other units are on duty. The City of Cincinnati currently operates using what is known as "Kelly days." Kelly days give a fire fighter an additional day off every third week to reduce the average work week from 56 to 48 hours.

Scope and Methodology

As part of its 2004 work plan, the Internal Audit Division reviewed Fire overtime and compensatory (comp) time. This audit had two objectives:

- to determine the cost drivers of Fire overtime and compensatory time; and
- to ensure proper controls are in place to record, analyze, and manage this time and associated costs.

This report is divided into one section that describe the findings for the above objectives and a second section that makes recommendations for controlling overtime and comp time costs in the future.

Audit methodology consisted of interviews with Fire Department officials and review of applicable legal and internal policies governing overtime compensation. Various payroll and personnel reports were used to analyze overtime and comp time use for the period 2001 to 2004.

IAD conducted its fieldwork between August and December 2004. We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). We would like to thank all Fire Department staff members who provided assistance with the audit.

I. Findings about Overtime and Compensatory Time Cost Drivers

In 2003, the Cincinnati Fire Department paid \$2,423,972 for overtime costs, which was \$965,771 more than budgeted. In addition to overtime, employees of the Fire Department also earned compensatory time valued at \$518,903 in 2003. In 2004, the Fire Department has struggled to manage even greater overtime and comp time costs. As indicated in the table below, the number of overtime hours work in 2003 was 47% higher than in 2001. Overtime hours in 2004 are projected to be 113% greater than in 2001. Comp time has similarly increased with 2003 figures 45% higher and 2004 projected 78% higher than 2001.

Table 1. Total Hours of Overtime Worked and Comp Time Earned, 2001-2004.

Year	Overtime hours	% change from '01		Comp time hours	% change from '01
2001	40,569.00			14,150.06	
2002	37,070.75	- 8.62%		15,796.86	11.45%
2003	59,627.20	46.98%		20,491.63	44.82%
2004 *	63,055.50	55.43%		20,384.68	44.06%
2004 projected	86,286.47	112.69%		25,238.18	78.36%

* Overtime figures for 2004 are through pay period 19, which ended September 11. Comp time figures for 2004 are through pay period 21, which ended October 9.

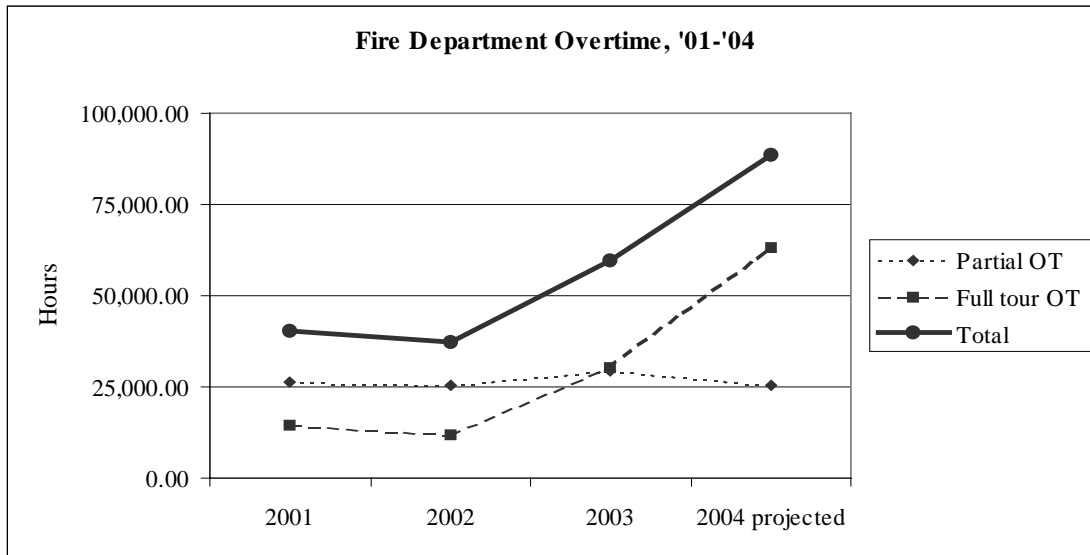
A. Overtime Cost Increases Due to Full-Tour Overtime

The increase in overtime is primarily due to a rise in 24-hour tour overtime caused by minimum staffing levels and insufficient suppression staff. Slim staffing levels are caused, in part, by lack of recruit classes and difficulty projecting anticipated retirements. They have been exacerbated by an increase in daily absentee rates. Comp time increases are driven by contractual changes that are also leading to greater long-term liabilities for the Fire Department.

Because the department must maintain a suppression strength of 186 firefighters, any absence that drops the department below this minimum staffing requirement causes overtime. A fire fighter must be called to fill the vacant position. Fire Department overtime is composed of two parts: partial and full-tour overtime. Partial overtime lasts less than a full 24-hour tour and occurs when a fire fighter becomes sick during a tour, has training, or returns from a run after the end of a shift. Full-tour overtime is created when a fire fighter misses a 24-hour shift for reasons such as vacation, use of comp time, illness, injury, or military service.

Analysis of overtime from 2001 to 2004 indicates that a large increase in 24-hour tour overtime is driving the increase in total overtime. Partial overtime has remained relatively stable between 2001 and 2004, fluctuating between 25,000 and 30,000 hours per year. Full-tour overtime, on the other hand, has risen dramatically from around 14,424 hours in 2001 to nearly 30,240 in 2003 and a projected 60,659 hours in 2004. The graph below demonstrates how overall overtime growth has been driven by the increase in full-tour overtime.

Table 2. Partial tour, full tour, and total overtime hours, 2001-2004.



Year	Partial tour	Full tour	Total Hours
2001	26,145.00	14,424.00	40,569.00
2002	25,430.75	11,640.00	37,070.75
2003	29,387.20	30,240.00	59,627.20
2004 (through PP19)	18,727.50	44,328.00	63,055.50
2004 projected	25,627.10	60,659.37	86,286.47

The growth in full-tour overtime is also reflected in the increase in the average number of full-tour overtimes worked per day. There was a daily average of 1.63 full-tour overtimes in 2001 and 1.28 in 2002. That number rose to 3.69 in 2003 and 7.49 in 2004.

The need for full-tour overtime can be attributed primarily to insufficient staff in suppression to meet minimum staffing requirements. The Fire Department must have 186 fire fighters in suppression every day to meet contractual obligations between the city and the fire fighters' union. Before and after minimum staffing requirements were instituted in 1998, the Fire Department has had an authorization of 787 uniformed fire fighters. Of these 787, 47 are currently 40-hour staff members who do not participate in suppression, leaving a total of 746 fire fighters available for suppression work. Dividing that number into the three rotating units, that leaves 249 fire fighters available each day for suppression. This figure is then reduced by the number of fire fighters out for Kelly days, holiday, vacation, sick, or other reasons.

As the table below demonstrates, the actual number of fire fighters available for suppression has been declining since 2002 (2001 figures were not available) while absences have risen. With an average of 249 available fire fighters and an absence rate of 67.8 fire fighters, the department has been averaging only 181.2 staff members in suppression in 2004, thus guaranteeing at least five fire fighters working overtime each

day. The average daily absence figure includes only the main causes of absences and does not include minor sources of absence such as jury duty or union obligation.

Table 3. Average daily unit strength, absences, available suppression force, and difference from minimum staffing, 2002-2004.

Year	Average daily unit strength	Average daily absences, major sources only*	Suppression forces available	Difference from minimum staff of 186
2002	258.1	64.6	193.5	+ 7.5
2003	251.9	66.2	185.7	- 0.3
2004	249.0	67.8	181.2	- 4.8

* Includes Kelly days, vacation, holiday, military, sick, FLSA, FMLA, light duty, detailed out, IWP, and comp time. Does not include additional minor absence sources such as AWOL, jury duty, union obligation, etc.

The number of fire fighters available for suppression has declined in recent years because a recruit class has not joined the Fire Department since January 2002. The Fire Department explained that it did not recruit additional fire fighters for the last three years because it was initially over staffed in 2002 and the number of retirements has been significantly lower than expected in the last few years, making it difficult to predict staffing levels.

The Fire Department attributes the recent reduction in retirements to implementation of the Deferred Retirement Option Plan (DROP) by the Ohio Police and Fire Pension Fund (OP&F). In 2002, Ohio adopted the law that made DROP possible and OP&F began offering the program in 2003. In the program, a retirement-eligible fire fighter continues to work past his/her retirement date but begins receiving pension payments in a deferred account. The participant must work at least three but no more than eight years beyond enrollment. OP&F estimates that the DROP account of a firefighter who earns \$40,000 per year would be worth more than \$85,000 after three years and more than \$287,000 after eight. While the City bears no direct additional cost due to DROP, the Fire Department believes that anticipation of the program's implementation caused the decrease in the number of fire fighters retiring from 2001 to the present.

Table 4. Total annual separations from the Fire Department, 1999-2004.

Year	1999	2000	2001	2002	2003	2004
Separations	37	32	27	18	14	10*
% of '99 levels		86.5%	73.0%	48.7%	37.8%	27.0%

* projected based on 8 separations as of 10/04

As the number of retirements sharply declined, Fire Department staffing levels became less predictable. Anticipating fewer retirements until DROP participants become eligible to stop working in 2006, the city did not recruit new members. As Table 3 showed, though, by 2003 average daily staffing levels had fallen too low to meet minimum staffing requirements. Even with reduced separations, new recruits were still needed to cover the shortfall created by separations and deployment of staff out of suppression.

The need for more overtime has also been exacerbated in 2003 and 2004 by greater absences among suppression staff. Table 3 also presents the average number of fire fighters out of suppression due to Kelly days, holiday, vacation, military service, sick duty, FMLA medical leave, injury, using comp time, light duty, or being detailed out of suppression to another position. These absences rose by 1.6 fire fighters per day between 2002 and 2003 and again by 1.6 between 2003 and 2004. Fire fighters have a right to use their holidays, vacation, and Kelly days and these absences are necessary to ensure a safe and healthy workforce. The net effect of an additional 3.2 absences per day, though, has coincided with an increasingly smaller unit. With fewer fire fighters available for suppression, the Fire Department has used overtime more frequently to meet its minimum staffing requirements.

The problems caused by fewer fire fighters and more absences have grown recently. The larger suppression force in 2001 and 2002 usually contained enough excess staffers to cover absences, limiting the need for overtime. By 2003, staffing levels were declining and absences were rising, a trend that continued in 2004. Table 5 below shows that the Department has been forced to use overtime at an increasing rate. The net loss between 2002 and 2003 of 7.8 fire fighters per day due to smaller force and higher absenteeism caused an average increase of 2.4 daily overtime tours. (There is not a one-to-one correlation because not every absence creates overtime. If the department has more than 186 fire fighters in suppression on a given day, it does not need to use overtime). By 2004, though, the department had even fewer resources to draw on. When average daily staff available fell by 4.5 fire fighters between 2003 and 2004, it created 3.8 additional overtime tours. In other words, one additional staff loss between 2002 and 2003 created an overtime 31% of the time but that same loss between 2003 and 2004 caused an overtime 84% of the time. By 2004, the Department rarely had enough reserves in its staffing structure to cover its daily shortfall.

Table 5. Effect of the change in unit strength and absenteeism on overtime, 2002-2004.

Years	Change in avg. daily unit strength (FF's per day)	Change in absenteeism (FF's per day)	Net people available daily (FF's per day)	Change in full tour OT (FF's per day)	Ratio of one fewer staff to OT increase
02-03	-6.2	+ 1.6	- 7.8	+ 2.4	.31
03-04	- 2.9	+ 1.6	- 4.5	+ 3.8	.84

To determine the cause of increased absenteeism in 2003 and 2004, the audit compared the major reason for absence from suppression. Table 6 below shows the number of fire fighters out per day for the following reasons. It also demonstrates the change in the absences attributed to these reasons between 2001-2003 and 2001-2004.

Table 6. Average fire fighters out of suppression per day for a full tour, 2001-2004.

YEAR	Kelly Day	Vacation	Holiday	Limited Duty	Military	Sick	Comp Time	Detailed Out	FMLA
2001 (7/1-12/31)	35.609	11.636	7.674	3.533	0.908	5.495	0.734	0.179	0.038
2002	35.696	10.767	7.816	3.129	0.710	4.844	0.608	1.107	0.153
2003	35.704	11.041	7.753	4.956	1.104	3.915	0.907	0.625	0.871
2004 (1/1-9/18)	35.382	11.263	7.275	4.744	1.447	4.279	1.355	1.653	1.385
Change 01-03	0.095	-0.595	0.080	1.424	0.197	-1.579	0.173	0.445	0.833
Change 01-04	-0.227	-0.373	-0.399	1.212	0.539	-1.216	0.621	1.473	1.347

The greatest increases in absenteeism were due to fire fighters on limited duty, detailed out of suppression, serving in the military, and using comp time. Use of Family and Medical Leave Act (FMLA) leave also increased significantly, but at a rate offset by a decrease in the use of sick leave (discussed in Section C).

The Fire Department provided the following explanation as to why these types of leave have risen. “Limited duty” means that a fire fighter has a temporary disability making it impossible to perform the physical tasks of suppression. For example, a pregnant fire fighter or one with a broken leg could be placed on limited duty. While on limited duty, fire fighters assist with EMS billing, revise manuals, and perform other administrative tasks. It is not clear why limited duty has risen. It could be due to the cyclical nature of some injuries or increasingly strenuous training that can produce more injuries.

Fire fighters “detailed out of suppression” have been reassigned from suppression to another task. This task is almost exclusively training—either training others or being trained. The increase of approximately 1.5 fire fighters per day in 2004 is explained by the decision to detail one person to manage the Health and Wellness program and four fire fighters to conduct flashover training. The loss of these five people from suppression caused the increase attributed to “detailed out.”

“Comp time” as used here refers to a full-tour absence for fire fighter using accrued comp time. Its increase is related to greater comp time accrual that has occurred because of contract changes. These changes are discussed in further detail in Section B.

It is difficult to tie a precise cost for overtime to specific employee absences. On any given day there are about 249 fire fighters eligible for suppression. The department can tolerate up to 63 absences before it will sink below minimum staffing and incur overtime. As discussed above, though, absences have been averaging well above 63. Given the lean staffing levels, every person who should be available for suppression but is not creates an overtime cost for the department. The Fire Department estimates that one full tour of overtime costs \$960 (24 hours multiplied by \$40/hour, which is a rate that blends overtime salary and benefit costs for all fire fighter classes).

We did not assign a cost to all absences, given that some level of absenteeism for all of these reasons is to be expected and built into the Fire Department’s staffing model. Instead, we measured the cost caused by the *increase* in the absentee rate from 2001

levels. Had the absentee rate for a given category remained stable from 2001, there would be no assigned cost. By this methodology, limited duty, detailed out, comp time, and military service caused an average of 2.239 extra absences in 2003 at a cost of over \$784,000. In 2004, 3.845 extra absences are projected to cost \$1.3 million.

Table 7. Cost of increases in leave for various reasons, 2003-2004.

Reason	2003 Daily Increase (FF/day)	2003 Cost *	2004 Daily Increase (FF/day)	2004 Cost *
Limited Duty	1.424	\$498,969.60	1.212	\$424,684.80
Detailed Out	0.445	\$155,928.00	1.473	\$517,190.40
Comp Time	0.173	\$60,619.20	0.621	\$217,598.40
Military	0.197	\$69,028.80	0.539	\$188,865.60

* Cost = \$960/FF/day x daily increase in absences x 365 days.

B. Compensatory Time Increases due to Contract Changes

The growth in overtime has also been accompanied by a smaller, yet significant increase in the amount of compensatory time being earned and taken by fire fighters. When 48-hour fire fighters work overtime of 12 hours or less, they chose whether to receive their overtime compensation in cash or as off time. If the fire fighter works more than 12 hours overtime, the City decides whether to grant comp time or pay overtime and currently always pays overtime. From 2001 to 2003, the amount of comp time earned has risen by 44.8%, with 2004 figures projected to be 78.4% higher than 2001 levels. More comp time has an impact on Fire Department costs in two ways. As mentioned above, if comp time absences push the department below minimum staffing levels, it must use overtime to fill the slot of the fire fighter out on comp time leave. If the fire fighter does not use comp time, it becomes a long-term liability because the city will eventually need to compensate the employee for that time.

Table 8. Comp time hours earned, taken, and % increase, 2001-2004.

Year	CT hours earned	CT hours taken	% Earned/Taken	Hours increase from '01	% change from '01, Comp earned
2001	14,150.06	9,897.42	69.95%		
2002	15,769.86	13,412.07	85.05%	1,619.80	11.45%
2003	20,491.63	18,385.39	89.72%	6,341.57	44.82%
2004 (through PP 21)	20,384.68	19,127.32	93.83%	6,234.62	44.06%
2004 projected	25,238.18	23,681.44	93.83%	11,088.12	78.36%

To some extent, increased comp time accrual and use can also be attributed to lean staffing levels. As staff reserves decline, the department is less able to cover comp time absences without using overtime. The Fire Department also attributes the increase in comp time earned to a change in the collective bargaining agreement in 2003. The contract in place from 2001-2003 allowed fire fighters to determine whether they would take comp time or pay when they worked eight hours or less of overtime. In the 2003-2005 contract, that limit was raised from eight to 12 hours. While the ability to accrue comp time increased, the new contract retained the old rules on comp time usage. Fire fighters may use comp time in blocks of eight hours or more. Consequently, a gap has

developed between the amount of comp time being acquired and used. For example, a fire fighter who works 12 hours of overtime accrues 18 hours of comp time. He can use those 18 hours in two 9-hour blocks. Because of tight staffing levels, two fire fighters are called in on overtime to cover these shifts. Each then adds 13.5 hours to their comp time balances, which they may take later or be paid for. Thus, the initial twelve hours of overtime generated 18 hours of comp time, which then became 27 additional hours when fire fighters on overtime covered the absence. In this way, comp time can be used more while the city's comp time liability also continues to grow.

As Table 9 shows, fire fighters have been using comp time for the past two years at a greater rate than in the past. Nonetheless the higher rate is not enough to offset the larger amount of comp time being earned. Thus, the Fire Department is both spending more now and incurring an additional long-term liability as comp time balances increase. Table 9 summarizes the change in comp time accrual and estimates the liability this poses to the city if all of these hours were sold back. Using the Fire Department's estimated value of comp time at \$26.59/hour, the comp time liability is projected to reach \$741,242.80 by the end of 2004, a 27.5% increase from 2001.

Table 9. Annual increases in comp time liability and estimated value, 2000-2004.

Year	CT hours earned	CT hours taken	Increase	Previous CT balance	Estimated value
2000				17,603.35	\$468,073.10
2001	14,150.06	9,897.42	4,252.64	21,855.99	\$581,150.80
2002	15,769.86	13,412.07	2,357.79	24,213.78	\$643,844.40
2003	20,491.63	18,385.39	2,106.24	26,320.02	\$699,849.30
2004 (through PP 21)	20,384.68	19,127.32	1,257.36	27,577.38	\$733,282.50
2004 projected	25,238.18	23,681.44	1,556.74	27,876.76	\$741,242.80

Thus, new contract language allowing greater comp time accrual and use has had an impact both on current overtime spending and long-term liability.

C. Long-Term Sick Pay Reciprocity Liability

While analyzing the reasons for increased absenteeism in 2003 and 2004, we noted a decrease in sick leave that has been offset by an increase in FMLA leave. From 2001 to 2003, the average number of fire fighters out for any type of sick leave (SWP, SWP-A, SWP-D, SWP-M, or SWP-F) fell by 1.579 per day. The 2004 figure was also down 1.216. Leave classified as FMLA (covering absences due to personal chronic illness, chronic illness of a family member, or maternity) nearly balanced out this decline by rising 0.833 fire fighters per day in 2003 and 1.347 in 2004.

Whether a fire fighter uses SWP or FMLA is generally cost neutral for the Fire Department because someone choosing FMLA uses his/her sick balance to cover the absence. There is, however, a difference in how these absences are counted when determining the rate at which fire fighters can sell back unused leave to the City. Fire fighters can sell back unused sick time at a rate of one hour for one hour if the employee

has used no sick leave in the previous three years. If the fire fighter has taken sick leave in the past three years, buy back ratios are lower depending on the date of the last sick leave use. Unlike SWP absences, FMLA absences cannot be counted as sick leave in the determination of the sick pay buy back rate. Thus, FMLA leave does not count against the fire fighter's ability to receive a 1:1 buy back for sick leave, while all other types of sick leave (except death of an immediate family member) do.

There is no clear reason why FMLA and sick leave use should have changed between 2001 and 2003. The Fire Department attributes the greater FMLA usage to a greater awareness and understanding among fire fighters about how the leave is used. Although the law was enacted in 1993, its use has become more widespread as courts have interpreted its application and employees have begun using this provision. Fire Department staff states that employees learn that others have used FMLA and then request it for their own conditions.

The department requires anyone requesting FMLA leave, except for pregnancy or adoption, to submit a Department of Labor WH-380 form in which a health care provider certifies that the patient has a serious health condition covered under the law. Courts have stated that employers have the right to request that a physician reconfirm a chronic employee condition every thirty days, which the department does request at its discretion. The officer who administers the program for the Fire Department believes that the vast majority of FMLA cases are appropriate, but notes that there are a few tools to control FMLA use beyond the certifications allowed by federal law.

It is impossible to determine the cost of the long-term liability related to the declining use of sick leave offset by an increased use of FMLA leave. It is unclear how many fire fighters have become eligible for a 1:1 buy back by using FMLA rather than SWP. Moreover, the increased cost associated with a 1:1 rather than 1:1.5 or 1:2 buy back ratio is applied to all of the hours the fire fighter sells back. A fire fighter able to avoid taking sick leave by using FMLA for three years effectively doubles the value of his/her entire sick leave buy back.

II. Recommendations to Reduce Overtime and Compensatory Time Costs

For the reasons described above, the Fire Department has incurred significantly higher overtime costs in 2003 and 2004. The recommendations below are intended to strengthen controls over these costs in the long and short term.

A. Increase Suppression Staff Size

The need for and cost of overtime will remain stable or increase from 2004 levels in the first half of 2005 because minimum staffing levels and available suppression forces will not change. The Fire Department is planning for a recruit class of 30 fire fighters who will join active duty in approximately May 2005. Until that time, the problems caused by the small suppression force will only intensify as more fire fighters retire or leave the force. Although the annual average daily unit strength for 2004 is 249.0, this number has been declining every month. Average unit strength was 249.7 in January 2004, 248.7 in

April, and 247.0 in August. Thus, current staffing levels are even lower than the annual average suggests.

In determining appropriate suppression staffing, the cost of overtime must be weighed against the cost of additional staffing. A University of Cincinnati study suggested that optimal suppression size is 765, or an average daily unit size of 255. The Fire Department believes the UC figure is somewhat low because it did not include all of the costs associated with overtime. While it was beyond the scope of this audit to do a comprehensive staffing study, Table 3 shows that an average daily staff of 251.9 in 2003 was insufficient to meet daily staffing requirements while 258.1 in 2002 was more than necessary. The midpoint between these figures is also 255, which would support UC's finding as a rough guide for staff size.

Assuming that the optimal daily unit size is around 255 and current suppression size is 247, the daily suppression force is eight fire fighters short. An average daily shortfall of eight fire fighters in each unit translates to total need for 24 additional fire fighters to return overtime to more controlled levels. Based on 2004 separation rates, the Fire Department will lose an additional 5-7 fire fighters before the new forces join in 2005. The 30 fire fighters who will be added in May '05 should cover this current and projected shortfall. But once the class is added, attrition will continue and there will not be sufficient numbers to cover those who leave before *another* class is added.

Recommendation A1. Examine need for an additional recruit class in Fall 2005.

The Fire Department is considering another recruit class in Fall 2005. These new fire fighters would join the force in approximately March 2006. The department should carefully monitor the number of separations it experiences throughout 2005 and how many new fire fighters it needs to maintain staffing levels near optimal levels. An additional class may be necessary to prevent the large overtime spending that the department has struggled with in 2003 and 2004. The size of a fall class should allow a sufficiently large average daily unit size based on estimated strength for 2006.

Fire Department response: The Fire Department concurs with this recommendation. The Fire Department already recommended a recruit class of at least 35 for the Fall of 2005, which would graduate in the Spring of 2006. This was not recommended by the Executive Budget Committee for the 2005-2006 budgets. The Fire Department's fiscal staff has made the calculations and submitted its recommendations. This is a policy decision beyond the discretion of the Fire Department. Ultimately, the question of when can this be implemented can only be answered through the 2005-2006 budgets.

Civilianizing certain support staff positions with persons possessing previous experience and qualifications would allow the return of some firefighters, fire specialists, company officers and district chiefs to be returned to suppression force functions. Moreover, this will also require a corresponding one-for-one replacement of all current positions occupied by uniformed employees to be replaced with civilians. The savings from salaries will only be differential savings but it could be coupled with savings from decreased overtime demand. The Fire Department and the Human Resources Department

will need to develop the hiring qualifications for these new positions. There is a risk of uncertainty in that such a process may not produce enough qualified individuals before January 1 of 2006.

Recommendation A2. Limit suppression fire fighters placed in 40-hour positions, detailed out of suppression, or on limited duty. Until a new recruit class can relieve the tight staffing levels, the Fire Department should limit the number of fire fighters out of suppression for any reason. Fire fighters on 40-hour schedules should be reviewed to determine if any can be returned to suppression. Three fire fighters have been added to 40-hour staff since 2000, two to manage homeland security programs and one for Rescue One.

The Fire Department should assume that, given current staffing levels, detailing a fire fighter out of suppression for any reason will require filling that position with another fire fighter on overtime, at a cost of 1.8 times the fire fighter's straight rate. As with 40-hour positions, the Department should review fire fighters currently detailed out to determine whether any can return to suppression. It should carefully analyze the cost implications when considering detailing any additional fire fighters out of suppression.

The Department should also determine the number of fire fighters it needs on limited duty and allow only that many fire fighters to be placed on limited duty. There are some essential administrative tasks that the Fire Department needs done by fire fighters on limited duty. Currently, a fire fighter with a temporary disability has the discretion to take a limited duty assignment or sick with pay leave. The fire fighter on limited duty receives a full salary and benefits, including sick leave accrual. If a limited duty position was not available, these fire fighters would be forced to take their own sick leave to recuperate. The Fire Department suggested that the ability to take an extended limited duty assignment with no cost to the fire fighters' accrued benefits can lengthen the recovery process in some cases. Fire fighters using their own sick time would have an incentive to return to suppression as soon as physically able.

Fire Department response: The fire service has long recognized that the best, and preferred, way to safeguard the safety of our citizens is to prevent fires by discovering what causes fires and work to educate our public that focuses on the most vulnerable segments of our community (children, senior citizens, and citizens whose mobility is restricted), develop and enforce a strong fire code for new and existing structures, carry out a strong fire prevention and life safety programs, and prosecute malicious fire setters.

Returning members assigned to addressing our city's homeland security will be problematic. Without a doubt, the three staff members that have been assigned to the department's Chemical, Biological, Radiological, Nuclear, and Explosive response unit (CBRNE) have more than paid for themselves. The personnel devoted to addressing the "City of Cincinnati's Homeland Security" needs have been successful in securing over \$16,000,000 to purchase much needed equipment and training for our first responders.

The Fire Department feels limited in its ability to comply with issues concerning detailed training staff. The department's training staff is overworked and needs to be increased. Firefighters currently detailed from suppression forces to the training section were assigned there after very public criticism was directed at the Fire Chief by Firefighters' Local 48 and the Law and Public Safety Committee. The Chairman of that committee directed the City Manager and the Fire Chief to immediately increase our training staff and constantly staff the Rescue 2 position, by detailing fire suppression personnel to the training section. The Fire Department complied with this set of instructions.

The Fire Department agrees with the recommendation on limited duty. A draft of new limited duty policy is under review by the Solicitor's office for compliance with the current labor contract and applicable laws. Implementation of this recommendation should be deferred until the final report from the Fire Department consultant is received.

Recommendation A3. Have an eligible recruitment list that will cover the first half of 2006. The Fire Department's staffing problems have been compounded by the inability to predict the number of retirements in the near future. It is possible that a large number of DROP participants will choose to retire when they become eligible in January 2006. On the other hand, participants may wait eight years after enrollment and retire in 2011, causing no noticeable change in January 2006. Nonetheless, the Fire Department faces the risk that an unexpectedly large number of retirements will cause a staffing shortfall with significant ramifications for overtime costs.

The current list of eligible recruits will expire on September 2, 2005. The department should ensure that it has a list of eligible recruits in place by early 2006 that it can draw on if there are large numbers of retirements. Daily unit size should be monitored particularly closely in the first months of 2006 and if there are many retirements, the department should be prepared to quickly mobilize a new recruit class.

Fire Department response: The Fire Department agrees with most of this recommendation. The Fire Department feels that a recruit class of at least 20 should be routinely budgeted for every year, without regard to anticipated retirements. The need for a class could be reviewed and adjusted accordingly, if personnel costs or retirements dictate.

The Deferred Retirement Option Plan (DROP) has eliminated the Fire Department's ability to safely declare who will retire within a given year or biennium. Another complicating factor is the length of time that it requires to conduct an entry level examination, perform background investigations, and medical examinations cannot be coupled with the biennial budgeting process. The recruiting process takes at least seven months to select qualified candidates. Therefore, lead time is critical.

The Fire Staff has long recognized the patterns of sick leave usage and developed resolute policies to deal with what appeared to be unusual patterns and possible abuse of sick leave and compensatory time usage.

In addition to the recommendation, the Fire Department strongly volunteers the idea that a new scheduling system and software with a brand new computer server are needed to track and account for all associated staffing and personnel costs. The current method, while effective, is extremely cumbersome and takes District Chiefs and other staff members away from their primary duties. This recommendation will require a new scheduling and tracking software program, a new computer server, and at least two information technology (IT) technicians/planning specialists to get this system up and running and to maintain it as a viable system. In the summer of 2004, the Fire Department requested that its capital project addressing its replacement of its current IBM AS/400 midrange server be moved up in order to address its need to replace and move it to Radcliff Regional Emergency Operations Center with its other server and its IT staff. This request was approved and the server will be ordered in June of 2005. However, the software to replace the current staffing and scheduling module is not part of the request.

The major determinants of this recommendation are the “2005-2006 Operating Budget” and the City’s ability to negotiate a new labor contract with that is designed to lower costs and allow management to control costs.

This recommendation is multifaceted and will require the combined leadership of the Fire Departments Administrative, Operations, and Human Resources Bureaus. Two of those bureau chiefs will be part of the City’s negotiating team. Their involvement should facilitate discussions on matters involving effectively managing overtime costs. This recommendation is solely dependent upon contract negotiations and budgeting issues and a firm implementation date can’t be provided at this time.

B. Aggressively Manage Overtime and Comp Time Costs

The Fire Department has struggled in 2004 to manage its overtime costs and remain within its budget. As discussed above, these costs will not decrease until at least one new recruit class is added to the suppression force. To limit the impact of overtime as much as possible in the short run, the department must accurately budget for and aggressively manage overtime costs.

At present responsibility for overtime is divided among several district chiefs. These chiefs arrange overtime and track it in a DOS system daily. Overtime reports are produced each pay period by accounting staff and conveyed to Operations. The department’s ability to analyze and monitor overtime has been hindered by a reduced accounting staff.

Part of managing overtime requires identifying sources that can be controlled or reduced. Analysis of leave in 2003 and 2004 indicates that sick days and comp time are not used with equal frequency throughout the week. As a result, overtime use also is not distributed equally throughout the week, with Friday and Saturday having disproportionately high levels. Table 10 shows that in 2004 there was an average of 7.5 overtimes per tour, ranging from 4.4 on Tuesdays to 8.6 on Friday and 11.6 on Saturdays. These patterns were the same in 2003, though the values were lower. In addition to

higher average values for overtime, days with the largest and most expensive amounts of overtime were disproportionately Saturdays. In 2004, all four days that required 20 or more fire fighters on overtime were Saturdays—June 19, July 3, August 14, and September 11.

Higher overtime on Saturday is caused in part by higher than average sick and comp time usage. There were 4.3 fire fighters out sick on an average day in 2004, but this figure reached 5.5 on Saturdays. Sick use was higher than average on Saturday and Sunday in 2003 and 2004. Similarly, the figures below demonstrate that comp time is taken more frequently on Friday, Saturday, and Sunday.

Table 10. Average daily overtime, sick, and comp time usage, 2003 and 2004.

	2003			2004*		
	Overtime	Sick leave	Comp time	Overtime	Sick leave	Comp time
Sunday	3.02	4.48	1.38	6.92	4.35	1.84
Monday	3.13	3.22	0.31	7.30	3.30	0.35
Tuesday	2.17	4.13	0.31	4.38	4.35	0.43
Wednesday	3.72	3.47	0.30	7.41	4.65	0.86
Thursday	3.33	3.15	0.52	6.18	3.66	0.84
Friday	4.52	3.69	1.33	8.58	4.13	1.84
Saturday	5.92	5.27	2.21	11.55	5.50	3.26
Average	3.69	3.92	0.91	7.47	4.27	1.35

* 2004 figures through September 18.

Certain days of the year around holidays or special events also had unusually high use of sick and comp time in 2004, causing a large amount of overtime. For example, on July 3 the Fire Department required 21 staff overtimes due primarily to 12 fire fighters who called in sick and 8 who used comp time. This was the highest sick leave use of any day in 2004. July 5 also required 17 overtime tours in part because of 8 staff members on sick leave and 1 using comp time. Other days with particularly high sick leave usage include January 1, September 11, and September 18, the first day of Oktoberfest.

Recommendation B1. In addition to the reports currently produced by pay period, the Fire fiscal section should analyze full-tour, partial, and compensatory time on a monthly basis in order to effectively minimize overtime costs. Staff should actively monitor average daily unit strength and average absences, comparing them to 2001 levels to determine if any of these factors is driving an increase in overtime or comp time. The report should provide comparative data from previous months so that the department can determine if the use of any specific categories is changing. When the staff identifies increases in areas such as limited duty or detailed out of suppression, it should work with operations staff to identify and mitigate the causes of such increases. This information should be presented in a monthly report forwarded to the Chief for review.

Fire Department response: The Fire Department agrees with theory or logic behind this recommendation. A summary report could prove most helpful. Presently, the Fire Department goes beyond this recommendation by monitoring all overtime on a bi-weekly

basis. This has been the policy for over four years. The fiscal section of the department already performs oversight and reconciliation during this time. It is absolutely critical that additional personnel, with budgeting and accounting background, be added to Fire Department's fiscal section. Those individuals would perform high level reviews of all personnel expenditures and staffing deployments.

The Fire Operations Bureau staff will use its current reports and sort the data into a summary format. They already capture this comparative data analysis on a bi-weekly basis. They will use their data to move this recommendation on to its next logical conclusion or step. This recommendation should be implemented by the end of February.

Recommendation B2. Review the distribution of Kelly days as a means to minimize overtime. Higher than average daily absences due to sick and comp time leave on Fridays and Saturdays contributed to higher than average amounts of overtime used on those days in 2003 and 2004. Because the department is organized in three rotating units of equal size, it is hard to increase scheduled staffing just for these two days. One way the department can make staff available on particular days is by reducing the number of Kelly days. The department already uses this technique to some extent. In 2004, 32.4 fire fighters had a Kelly day on an average day, but Saturday and Sunday figures were 29.8 and 30.8, respectively. Overtime has been below average on Sunday, Monday, Tuesday, and Thursday, with Tuesday being significantly lower than the others. Reassigning a limited number of Kelly days to the days of greatest overtime would make available more staff at times when overtime is most likely to be needed. Since the department currently incurs overtime every day of the week, this approach would not immediately reduce overtime, but would redistribute it. As staffing levels increase and overtime levels drop, though, the department should determine the optimal number of days per week to offer given absence and overtime trends. A redistribution of Kelly Days to days with fewer absences could help lower the total amount of overtime.

Fire Department response: The Fire Department has conducted continuous, detailed analysis of the same area over the last decade and has been aware of patterned usage surrounding Friday, Saturday, Sunday, Monday, holidays, etc.

As a result, the number of Kelly Days available on Friday, Saturday, and Sunday were significantly reduced several years ago. The Fire Department cautions that the drawback with redistributing Kelly Days is that it is likely to manifest itself with increased overtime during the weekdays. Another likely outcome is that sick leave and compensatory time requests will significantly increase on Friday, Saturday, and Sunday in proportion to the reduced access to weekend Kelly Days.

Presently and in the near future, the Fire Department does not think it is a prudent action to implement the recommended Kelly Day shifts because the likely outcome will be larger overtime spikes during the weekdays instead of the weekends. Without an increase in the suppression force complement, this solves nothing.

Scheduled leaves are selected with Kelly Days in mind and this recommendation could produce undesirable labor actions from the Fire Fighters Union. Therefore, this recommendation is best suited for the upcoming negotiations.

C. Recommendations for Long-Term or Contractual Changes

The recommendations above can be implemented to address problems managing overtime costs in the near future. In the long-run, the Fire Department should examine alternative approaches to minimum staffing in order to control overtime. These potential solutions could not be implemented until a new collective bargaining agreement is reached in June 2005.

Recommendation C1. Proceed with plans to conduct a staffing study to determine optimal force size and staffing model. The Fire Department's ability to limit overtime is constrained by a staffing cap of 787 fire fighters and a minimum daily staffing requirement of 186. A staffing study will determine the optimal size of the suppression staff given all related costs and the number of FTEs needed to fill one suppression position given the absentee rate. It should examine the appropriateness of minimum staffing levels given call volume, response time, and employee safety.

The study can also determine whether the current system of 24-hour tours followed by 48-hours off is the most economical and efficient way to organize the department. Some fire departments have cut overtime by implementing alternative staffing models. In one, fire fighters work 10-hours on/14-hours off per day. In another, three units continue to rotate on a 24/48 hour schedule with an additional unit working one day per week and covering high volume call times. A staffing study can examine whether one of these approaches would allow the department to meet minimum staffing requirements with lower personnel costs.

Fire Department response: The Fire Department agrees that a staffing study is needed so individuals making final decisions on the Fire Department's budget will have confidence that staffing is maintained at the recommended level. This recommendation should be explored by the consultant performing the comprehensive study of the Fire Department.

In the late 1970s, the Fire Department did a pilot study of 10 and 14 work schedules and found them to be ineffective, disruptive to training and good personnel management, produced increases in disciplinary matters, and generally lowered morale.

The firefighter's work hours are a negotiated item and, therefore, can't be changed unilaterally. This recommendation will have to wait until contract negotiations.

Recommendation C2. Recalculate sick reciprocity cost. Allowing employees to convert unused sick pay to cash should provide an incentive for employee attendance and minimizes City costs due to unpredictable absences. This reciprocity incentive is structured to provide higher compensation for additional years of perfect attendance. But FMLA provisions are preventing the sick leave incentive from working as intended.

According to the Fire Department, an employer may not take any measures that can be construed as “punitive” for FMLA use. Thus, FMLA leave cannot be used to determine the employee’s sick leave reciprocity ratio. Because FMLA provisions allow fire fighters to maintain higher reciprocity compensation rates, the cost of this benefit will be much higher than when fire fighters uses SWP leave more frequently. The City should recalculate sick leave reciprocity costs taking into account the implications of FMLA use.

Fire Department response: The Fire Department agrees with this recommendation. However, this approach could backfire and, therefore, should have a solid contingency plan (within the parameters of the labor-management agreement) to deal with adverse employee reactions that are likely to result from such a policy change. Of necessity, discussions on this recommendation will need to be limited to the next contract negotiations.

Recommendation C3. Balance compensatory time accrual and usage. The 2003 contract increased from 8 to 12 hours the amount of overtime that fire fighters could receive as comp time or as cash overtime but it did not change the blocks in which they can use it. Giving fire fighters the ability to use time in smaller blocks than they accrue it has allowed comp balances to grow. Negotiators should recognize that generally any contractual change that grants staff members more time away from the workplace will increase staffing and overtime costs.

Fire Department response: The Fire Department agrees with this recommendation. It feels comp-time should be taken in 24 hour increments only. However, discussions on this matter will have to be part of the upcoming contract negotiations. In the future contracts should avoid liberal interpretations on the use of compensatory and follow more conservative interpretations on how members can use accrued compensatory time. The language needs to be tightened up so the interpretation and application of the contract provisions are not the generators of troublesome employee actions.

Recommendation C4. Apply the limitations on vacation and holiday leave to comp time use. The current contract in many ways makes comp time the most valuable type of leave available to fire fighters. No more than 22 suppression staff may take vacation and holiday leave on any one day, a policy designed to ensure sufficient staffing levels and control the amount of overtime needed. The current contract, however, allows the Fire Department to turn down a request to use comp time only on major holidays or if the request is not made 72 hours in advance. Consequently, a junior fire fighter may not have sufficient seniority to schedule a vacation or holiday at the most desirable time of the year. By using comp time, though, the fire fighter will be able to take that day off regardless of how many other fire fighters already have planned absences.

Table 10 above demonstrates that comp time is used disproportionately on Friday, Saturday, and Sunday. The 21 days of greatest comp time use in 2004 were on one of these three days. Thirty-one of the top 34 days were also on these days. All but one of these 31 days required overtime staffing to fill all the vacancies created by employees taking comp time. Saturday, July 3 is again particularly illustrative. The Fire

Department required 21 overtime tours on this day, at a cost of over \$20,000. In addition to 12 fire fighters out sick, eight others were absent using comp time, creating nearly all of the staffing shortage.

The current contract provides no way for the Fire Department to control comp time usage, allowing particularly severe and expensive staff shortages on certain days. To help mitigate these occurrences, comp time use should have restrictions similar to those put on vacation and holiday absences. The Fire Department should place a cap on comp time use so that total absences for vacation, holidays, and comp time do not exceed a set number, such as 23 or 24. This would force a more even distribution of comp time usage throughout the week. It would also prevent particularly egregious and expensive staffing shortfalls on holidays and other desirable days off.

Fire Department response: The Fire Department essentially agrees with this recommendation. It feels that partial leave requests exceeding 12 hours (all types) and unscheduled leaves (SWP, IWP, FMLA, Limited Duty, Comp-time, Military, etc.) should be used in calculating the “daily quota” before other requests are granted. Caps on compensatory time will result in more overtime costs as members cash in their comp-time in order to stay in compliance.

In regards to this recommendation, during the upcoming negotiations the following need to be priorities:

Rewrite the vague contract language so that “caps” on compensatory are limiting and their interpretations are very clear. Negotiate the removal of all secondary and discretionary leaves from the contract. Future contract language should not allow additional leave requests after primary leave requests are submitted.

Revise contract language so daily quotas are fixed and manageable. Explore returning to the previous method used to establish allowable daily and monthly quotas based on requested tours off instead of the current fixed quota. This may tend to flatten spikes in leave usage by spreading leaves throughout the entire year.

There should be no additional requests honored for days that have reached the daily quota. This should allow for a more even distribution of overtime and an increased ability to avoid excessive overtime (spikes).

Recommendation C5. Require doctor approval for sick leave use on weekends and holidays. As discussed in Recommendation 3, sick leave usage is not distributed evenly throughout the week and is highest on Saturdays. The three highest days of sick use in 2004 were Saturdays, and nine of the top 20 days were a Saturday or Sunday. Similarly, some holidays have unusually high use of sick leave, causing a large amount of overtime.

In previous contracts, the division head could require a physician’s certificate to confirm sick leave. The most recent contract limits this requirement to those fire fighters with more than three instances of sick leave in a twelve-month period. Requiring approval

from a city-specified physician helps prevent abuse of sick leave. A provision requiring physician approval for illnesses should be returned to the next contract. The Fire Department could then implement a policy requiring doctor approval for sick absences on the weekends, holidays, and the day before and after holidays. This policy would help prevent excessive overtime caused by large, unscheduled absences on particular days of the year.

Fire Department response: The Fire Department agrees with this recommendation. The use of a city-approved and sponsored health care professional (such as Good Samaritan Hospital's Fast Track clinic) for all sick leave requests on weekends, holidays, the days before holidays, the days after holidays, and after business hours should be considered an integral part of a program to control sick leave. Such office visits would need to occur on the very day of the illness. There also needs to be administrative ramifications for employees with patterned usage and obvious sick leave abuse. This two-pronged approach will likely do much to control suspect sick leave requests. The Fire Department can't implement this recommendation unless it receives budgetary support to provide the recommendation.

When the new contract is negotiated, make it mandatory that employees reporting in as sick must remain at home until seen by the Duty Chief or his designee unless the employee leaves to seek the care of a qualified health care provider (MD office or ER visit only).

D. Recommendations for Additional Savings

In the course of the audit, we identified two specific measures to limit overtime use and create additional savings.

Recommendation D1. Use 40-hour staff members to fill partial overtime when they need training. Uniformed staff members who are not district chiefs are required to have 10 hours of training in the field per quarter or 40 hours annually. At present, these fire fighters typically work their training time on a fully staffed truck. Rather than have these fire fighters serve as an extra member of the unit during their training, they could be used to fill partial overtime vacancies. If 40 fire fighters spent their 40 annual training hours filling in for partial overtime that could save the City a maximum of \$64,000. Given scheduling challenges and the priority of the fire fighter's regular duties, not every ride along can be used to cover part of an overtime absence. Nonetheless, the department would realize some savings by implementing this practice whenever it is feasible. Since Wednesday and Friday have the highest average weekday overtime, planning field training on those days would raise the likelihood that this practice could help limit overtime.

Fire Department response: The Fire Department fundamentally agrees that a better utilization of 40-hour members' ride/training time on fire companies to avoid some overtime is possible. However, it is virtually impossible to establish a one-to-one relationship between our overtime needs and their availability to provide "fill ins" to

avoid overtime. All 40-hour staff members are, unquestionably, mission-critical and should be used very sparingly to primarily staff fire companies.

The Operations Bureau will coordinate the scheduling of ride times with the other bureau chiefs. All the Bureau Chiefs will be responsible for the implementation for their respective assigned uniformed personnel. The Fire Chief will provide continuous oversight. This recommendation could be implemented by mid-February 2005.

Recommendation D2. Allow three-man staffing for shift holdovers. When a new tour begins, fire fighters are occasionally dispatched from another fire house to fill a vacant position on the truck to meet contractual requirements to have four staff members in each suppression unit. As that person travels between houses, one fire fighter is currently being held over until the replacement arrives. The held over fire fighter earns one hour of overtime regardless of how long he actually waits to be relieved. The contract generally requires four person companies in each fire suppression unit, but states that specific application of this rule is set out in a "Letter of Intent." This letter, which went into effect 11/29/98, states that "during unanticipated emergencies, the Cincinnati Fire Division may be precluded from maintaining four persons on each company for a portion of a tour. Therefore, if necessary for the effective operation of the Cincinnati Fire Division, fire companies may continue to operate with three persons for a period of up to six hours per tour." The Fire Department believes that by the terms of this agreement, it is permitted to have fire fighters on a truck for the less than one hour required for a substitute to arrive. In 2003, the department had 1,213 such holdovers. Approximately 90% of fire fighters chose to take their compensation as comp time, generating about 1600 accrued comp time hours worth \$42,500. In addition to this, the department also paid out \$5,370 to those who chose to be compensated in cash. Thus, eliminating shift holdovers could prevent around \$48,000 of overtime and comp time expenses.

Fire Department response: The Fire Department agrees with this recommendation. This practice implemented by the former Safety Director after Local 48 presented a grievance about this topic. Consequently, it became an institutional practice by his mandate. However, it became part of contract through vague language in a side letter. This matter could be resolved if all side letters were abolished under the next contract.

This matter is liable to produce a great deal of political acrimony with little real return. This item should be clarified in the next contract.

Cincinnati Fire Department Response

FR: Chief Robert Wright

TO: Mark Ashworth, Internal Audit Manager

CC: Jennifer Fedorov, Internal Auditor

DT: 01/07/2005 via email

The Fire Department welcomes this constructive and critical review of its overtime policies and expenditures. In that regard, we see the internal auditor's report as an opportunity to review our record keeping processes, evaluate whether our managers are following established operating procedures, and determine whether our operating procedures are efficient. We also see this report as a confirmation that the City's current system of budgeting for Fire Department costs has certain limitations.

Several times within this report it was stated that the critical reason for overtime is due to the lack of fire recruit class since 2002. That is only partially true. The critical reason for the staffing shortages within the Fire Department is the failure to increase the average staffing number from 787 to a more appropriate 813 to 820 uniformed firefighters. Until that number is increased, the Fire Department will always receive fewer funds than it requires to pay wages for staffing higher than 787 or to avoid excessive overtime costs. The City needs to establish and fund a more realistic staffing figure for the Fire Department. This number drives budget decisions to have recruit classes that will maintain staffing levels that are less dependent upon overtime to backfill vacancies.

The City of Cincinnati's 2003-2004 Operating Budget report states, "Fire Department Sworn Positions. The 2003-2004 General Fund Biennial Budget includes no Fire recruit class in 2003 and one Fire recruit class in 2004. The Fire Budget will allow for an average sworn strength of 799 in 2003 and the Fire recruit class of 23 graduates in 2004 will allow for an average sworn strength of 795 in 2004. The authorized strength is a fixed number of sworn fire personnel as established by the City Council. The City Council has set the authorized strength at 787 for 2003 and 787 for 2004. The actual Fire staffing may vary from those numbers as result of the number of graduating Fire recruits and the number of fire personnel who separate from service. The average sworn strength is the mathematical average of the number of sworn fire personnel for a given year.

To a great extent, much of the information used to construct the Fire Department's operating budgets is not based on precise measurements or information. In fact, a lot of the information is based on estimates, averages and predictions that are three year trends. This budget strategy communicates an expectation of repeatable employee behavior that will result in repeatable economic outcomes. This totally ignores contract changes which are likely to produce unknown costs (i.e., four person staffing, suppression forces leave quotas, etc.). The end result usually turns out to be incremental budget changes in spite of any radical cost increases.

The need for overtime is currently dependent upon many leaves, many of which can't be accurately predicted or can't be legally limited. Those leaves exacerbate the staffing shortages and will continue to do so until the average staffing is increased. If the overall staffing figure was increased, these leaves would not substantively produce staffing vacancies.

It is imperative that solutions or recommendations do not unduly criticize firefighters for taking advantage of contractual benefits which were fairly bargained for by their representatives. While the legitimate use of certain leaves have an undesirable or detrimental impacts on fire department overtime costs, they are not the true cause of excessive overtime. Overall, firefighters should bare no blame for most of those negative cost impacts. The exception is the abuse of sick leave. Currently, there are many contractual impediments for effectively mitigating overtime costs. Those impediments can and must be dealt with at the next contract negotiations.

On a positive note, the City has contacted with TriData, Inc. to perform a comprehensive review and analysis of the Fire Department. It is hoped that this report will become part of the data they will review and make recommendations for improved practices and procedures for avoiding overtime.

The Fire Department responses to the Internal Audit report on overtime is as follows:

Recommendation A1:

Fire Department response: The Fire Department concurs with this recommendation. The Fire Department already recommended a recruit class of at least 35 for the Fall of 2005, which would graduate in the Spring of 2006. This was not recommended by the Executive Budget Committee for the 2005-2006 budgets. The Fire Department's fiscal staff has made the calculations and submitted its recommendations. This is a policy decision beyond the discretion of the Fire Department. Ultimately, the question of when can this be implemented can only be answered through the 2005-2006 budgets.

Civilianizing certain support staff positions with persons possessing previous experience and qualifications would allow the return of some firefighters, fire specialists, company officers and district chiefs to be returned to suppression force functions. Moreover, this will also require a corresponding one-for-one replacement of all current positions occupied by uniformed employees to be replaced with civilians. The savings from salaries will only be differential savings but it could be coupled with savings from decreased overtime demand. The Fire Department and the Human Resources Department will need to develop the hiring qualifications for these new positions. There is a risk of uncertainty in that such a process may not produce enough qualified individuals before January 1 of 2006.

Recommendation A2:

Fire Department response: The fire service has long recognized that the best, and preferred, way to safeguard the safety of our citizens is to prevent fires by discovering what causes fires and work to educate our public that focuses on the most vulnerable segments of our community (children, senior citizens, and citizens whose mobility is restricted), develop and enforce a strong fire code for new and existing structures, carry out a strong fire prevention and life safety programs, and prosecute malicious fire setters.

Returning members assigned to addressing our city's homeland security will be problematic. Without a doubt, the three staff members that have been assigned to the department's Chemical, Biological, Radiological, Nuclear, and Explosive response unit (CBRNE) have more than paid for themselves. The personnel devoted to addressing the "City of Cincinnati's Homeland Security" needs have been successful in securing over \$16,000,000 to purchase much needed equipment and training for our first responders.

The Fire Department feels limited in its ability to comply with issues concerning detailed training staff. The department's training staff is overworked and needs to be increased. Firefighters currently detailed from suppression forces to the training section were assigned there after very public criticism was directed at the Fire Chief by Firefighters' Local 48 and the Law and Public Safety Committee. The Chairman of that committee directed the City Manager and the Fire Chief to immediately increase our training staff and constantly staff the Rescue 2 position, by detailing fire suppression personnel to the training section. The Fire Department complied with this set of instructions.

The Fire Department agrees with the recommendation on limited duty. A draft of new limited duty policy is under review by the Solicitor's office for compliance with the current labor contract and applicable laws. Implementation of this recommendation should be deferred until the final report from the Fire Department consultant is received.

Recommendation 3:

Fire Department response: The Fire Department agrees with most of this recommendation. The Fire Department feels that a recruit class of at least 20 should be routinely budgeted for every year, without regard to anticipated retirements. The need for a class could be reviewed and adjusted accordingly, if personnel costs or retirements dictate.

The Deferred Retirement Option Plan (DROP) has eliminated the Fire Department's ability to safely declare who will retire within a given year or biennium. Another complicating factor is the length of time that it requires to conduct an entry level examination, perform background investigations, and medical examinations cannot be coupled with the biennial budgeting process. The recruiting process takes at least seven months to select qualified candidates. Therefore, lead time is critical.

The Fire Staff has long recognized the patterns of sick leave usage and developed resolute policies to deal with what appeared to be unusual patterns and possible abuse of sick leave and compensatory time usage

In addition to the recommendation, the Fire Department strongly volunteers the idea that a new scheduling system and software with a brand new computer server are needed to track and account for all associated staffing and personnel costs. The current method, while effective, is extremely cumbersome and takes District Chiefs and other staff members away from their primary duties. This recommendation will require a new scheduling and tracking software program, a new computer server, and at least two information technology (IT) technicians/planning specialists to get this system up and running and to maintain it as a viable system. In the summer of 2004, the Fire Department requested that its capital project addressing its replacement of its current IBM AS/400 midrange server be moved up in order to address its need to replace and move it to Radcliff Regional Emergency Operations Center with its other server and its IT staff. This request was approved and the server will be ordered in June of 2005. However, the software to replace the current staffing and scheduling module is not part of the request.

The major determinants of this recommendation are the “2005-2006 Operating Budget” and the City’s ability to negotiate a new labor contract with that is designed to lower costs and allow management to control costs?

This recommendation is multifaceted and will require the combined leadership of the Fire Departments Administrative, Operations, and Human Resources Bureaus. Two of those bureau chiefs will be part of the City’s negotiating team. Their involvement should facilitate discussions on matters involving effectively managing overtime costs. This recommendation is solely dependent upon contract negotiations and budgeting issues and a firm implementation date can’t be provided at this time.

Recommendation B1:

Fire Department response: The Fire Department agrees with theory or logic behind this recommendation. A summary report could prove most helpful. Presently, the Fire Department goes beyond this recommendation by monitoring all overtime on a bi-weekly basis. This has been the policy for over four years. The fiscal section of the department already performs oversight and reconciliation during this time. It is absolutely critical that additional personnel, with budgeting and accounting background, be added to Fire Department’s fiscal section. Those individuals would perform high level of reviews of all personnel expenditures and staffing deployments.

The Fire Operations Bureau staff will use it current reports and sort the data into a summary format. They already capture this comparative data analysis on a bi-weekly

basis. They will use their data to move this recommendation on to its next logical conclusion or step. This recommendation should be implemented by the end of February.

Recommendation B2:

Fire Department response: The Fire Department has conducted continuous, detailed analysis of the same area over the last decade and has been aware of patterned usage surrounding Friday, Saturday, Sunday, Monday, holidays, etc.

As a result, the number of Kelly Days available on Friday, Saturday, and Sunday were significantly reduced several years ago. The Fire Department cautions that the drawback with redistributing Kelly Days is that it is likely to manifest itself with increased overtime during the weekdays. Another likely outcome is that sick leave and compensatory time requests will significantly increase on Friday, Saturday, and Sunday in proportion to the reduced access to weekend Kelly Days.

Presently and in the near future, the Fire Department does not think it is a prudent action to implement the recommended Kelly Day shifts because the likely outcome will be larger overtime spikes during the weekdays instead of the weekends. Without a increase in the suppression force complement, this solves nothing.

Scheduled leaves are selected with Kelly Days in mind and this recommendation could produce undesirable labor actions from the Fire Fighters Union. Therefore, this recommendation is best suited for the upcoming negotiations.

Recommendation C1:

Fire Department response: The Fire Department agrees that a staffing study is needed so individuals making final decisions on the Fire Department's budget will have confidence that staffing is maintained at the recommended level. This recommendation should be explored by the consultant performing the comprehensive study of the Fire Department.

In the late 1970s, the Fire Department did a pilot study of 10 and 14 work schedules and found them to be ineffective, disruptive to training and good personnel management, produced increases in disciplinary matters, and generally lowered morale.

The firefighter's work hours are a negotiated item and, therefore, can't be changed unilaterally. This recommendation will have to wait until contract negotiations.

Recommendation C2:

Fire Department response: The Fire Department agrees with this recommendation. However, this approach could backfire and, therefore, should have a solid contingency plan (within the parameters of the labor-management agreement) to deal with adverse employee reactions that are likely to result from such a policy change. Of necessity, discussions on this recommendation will need to be limited to the next contract negotiations.

Recommendation C3:

Fire Department response: The Fire Department agrees with this recommendation. It feels comp-time should be taken in 24 hour increments only. However, discussions on this matter will have to be part of the upcoming contract negotiations. In the future contracts should avoid liberal interpretations on the use of compensatory and follow more conservative interpretations on how members can use accrued compensatory time. The language needs to be tightened up so the interpretation and application of the contract provisions are not the generators of troublesome employee actions.

Recommendation C4:

Fire Department response: The Fire Department essentially agrees with this recommendation. It feels that partial leave requests exceeding 12 hours (all types) and unscheduled leaves (SWP, IWP, FMLA, Limited Duty, Comp-time, Military, etc.) should be used in calculating the “daily quota” before other requests are granted. Caps on compensatory time will result in more overtime costs as members cash in their comp-time in order to stay in compliance.

In regards to this recommendation, during the upcoming negotiations the following need to be priorities:

Rewrite the vague contract language so that “caps” on compensatory are limiting and their interpretations are very clear. Negotiate the removal of all secondary and discretionary leaves from the contract. Future contract language should not allow additional leave requests after primary leave requests are submitted.

Revise contract language so daily quotas are fixed and manageable. Explore returning to the previous method use to establish allowable daily and monthly quotas based on requested tours off instead of the current fixed quota. This may tend to flatten spikes in leave usage by spreading leaves throughout the entire year.

There should be no additional requests honored for days that have not reached the daily quota. This should allow for a more even distribution of overtime and an increased ability to avoid excessive overtime (spikes).

Recommendation C5:

Fire Department response: The Fire Department agrees with this recommendation. The use of a city-approved and sponsored health care professional (such as Good Samaritan Hospital's Fast Track clinic) for all sick leave requests on weekends, holidays, the days before holidays, the days after holidays, and after business hours should be considered an integral part of a program to control sick leave. Such office visits would need to occur on the very day of the illness. There also needs to be administrative ramifications for employees with patterned usage and obvious sick leave abuse. This two-pronged approach will likely do much to control suspect sick leave requests. The Fire Department can't implement this recommendation unless it receives budgetary support to provide the recommendation?

When the new contract is negotiated, make it mandatory that employees reporting in as sick must remain at home until seen by the Duty Chief or his designee unless the employee leaves to seek the care of a qualified health care provider (MD office or ER visit only).

Recommendation D1:

Fire Department response: The Fire Department fundamentally agrees that a better utilization of 40-hour members' ride/training time on fire companies to avoid some overtime is possible. However, it is virtually impossible to establish a one-to-one relationship between our overtime needs and their availability to provide "fill ins" to avoid overtime. All 40-hour staff members are, unquestionably, mission-critical and should be used very sparingly to primarily staff fire companies.

The Operations Bureau will coordinate the scheduling of ride times with the other bureau chiefs. All the Bureau Chiefs will be responsible for the implementation for their respective assigned uniformed personnel. The Fire Chief will provide continuous oversight. This recommendation could be implemented by mid-February 2005?

Recommendation D2:

Fire Department response: The Fire Department agrees with this recommendation. This practice implemented by the former Safety Director after Local 48 presented a grievance

about this topic. Consequently, it became an institutional practice by his mandate. However, it became part of contract through vague language in a side letter. This matter could be resolved if all side letters were abolished under the next contract.

This matter is liable to produce a great deal of political acrimony with little real return. This item should be clarified in the next contract.